

Rien va plus, les jeux sont faits: The Impact of Pre-Launch Ad Expenditures and Pre-Launch Word-Of-Mouth on Movies Profitability

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Abstract

Cultural markets such as the motion picture market are heavily advertised in the pre-launch and decidedly unpredictable. Previous research investigating the drivers of movie box office sales has obtained mixed results in understanding movie success. In particular, the interplay between pre-launch advertising campaigns and pre-launch word-of-mouth (WOM) has received little attention. We propose a new empirical investigation to study the effects of studio and non-studio instruments on movie profitability, employing a large dataset with 1950 movies, including movies' profits, pre-launch and post-launch ad expenditures, pre-launch customer reviews and a number of other variables. Our empirical analysis reveals interesting effects of pre-launch ad expenditures and pre-launch WOM on movies profitability. We find that the interactions among pre-launch advertising campaigns, WOM volume, WOM valence and expert critical reviews are key in understanding their impacts on movie profitability.

Keywords: *Pre-Launch Advertising Campaigns; Pre-Launch Word-Of-Mouth; Movie Profitability*

Track: Methods, Modelling & Marketing Analytics